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Update to the Total Health Care Expenditure Methodology Paper

This addendum describes an updated approach employed by the Center for Health Information and Analysis (CHIA) in conducting the initial assessment of total health care expenditures (THCE) of Massachusetts residents for calendar years 2012 and 2013. The only difference between the THCE Methodology Paper published by CHIA in December 2013¹ and the initial assessment of 2012 and 2013 THCE² is the data source for the Medical Security Program (MSP).

MSP is for eligible low-income Massachusetts residents who are receiving unemployment insurance benefits. MSP offers two types of assistance: premium assistance and direct coverage. The premium assistance plan helps pay for existing health insurance premiums. The direct coverage plan offers health insurance coverage for the unemployed and their families if they are unable to get one.

In the THCE Methodology Paper, the expenditure information for MSP was provided by the Department of Unemployment Assistance, which included spending amounts for both premium assistance and direct coverage plans. Since MSP's premium assistance option helps the eligible unemployed residents to pay for their health insurance premiums, these people's health care spending would already be captured through the total medical expenses (TME) data reported by commercial payers to CHIA. Thus, to avoid double counting, the only information needed for MSP was the spending amount of those covered by the direct coverage plan, called Network Health Extend, which was administered by Network Health.

For the initial assessment of 2012 and 2013 THCE, the data source for MSP's direct coverage plan (i.e. Network Health Extend) was based on the TME data as one of the insurance categories reported by Network Health.

¹ Center for Health Information and Analysis (2013). Massachusetts Total Health Care Expenditure Methodology. Available at <http://www.mass.gov/chia/docs/r/pubs/13/thce-methodology.pdf> (Accessed October 7th, 2014)

² Center for Health Information and Analysis (2014). Annual Report on the Performance of the Massachusetts Health Care System. Supplemental 9: Other Public Health Care Programs. Available at <http://www.mass.gov/chia/docs/r/pubs/14/chia-annual-report-2014-supplement-09-other-public.pdf> (Accessed October 7th, 2014)